

Cassandra & Andre Provencher v. Providence Mutual Fire Insurance Company

Held September 19, 2019 – Docket No. INS-17-2059

Decision Issued: October 11, 2017

The named insured requested a hearing to contest the cancellation of a homeowners policy for a business on premises. The company asserted a change that resulted in the property becoming uninsurable as well as an omission by the insured that substantially increased hazards insured against.

Held: For the insured. The company relied upon 24-A M.R.S. §§ 3049(4)(A) and 3049(5) under the Maine Property Insurance Cancellation Control Act; Neither statute was applicable. The alleged omission of the insured not disclosing the business does not increase the hazards insured against, and the company failed to prove that the insured had not notified the agent. Although the addition of the business several years after the policy inception does constitute a physical change, the assertion that the company's underwriting guidelines consider it ineligible does not establish that it is uninsurable. Section 3051 specifies that explanations such as "underwriting reasons" and similar insurance terms are not by themselves acceptable explanations of a termination action. Additionally, the guidelines only stated that it would require special underwriting attention to determine its acceptability.